

# American Broadcasting Earnings Plummeted In Quarter and Half

*By a WALL STREET JOURNAL Staff Reporter*

**NEW YORK — American Broadcasting Cos. said second quarter net income fell 22% to \$13.6 million, or 79 cents a share, from \$17.5 million, or \$1.03 a share, a year earlier. Revenue increased 11% to \$257.3 million from \$231.8 million.**

The diversified broadcasting and entertainment company earlier this month said that second quarter net would be down about 24% and that third quarter earnings probably would fall about 35% from the \$11.4 million, or 68 cents a share, earned in the 1974 third quarter.

ABC yesterday reiterated that third quarter net will be down "markedly," principally because of "the softness of the television-advertising marketplace and the continuing high cost of restructuring the company's recorded-music operations."

The company said first half net declined 33% to \$20.7 million, or \$1.20 a share, from \$27.5 million, or \$1.63 a share, a year earlier. Revenue rose 11.5% to \$508.2 million from \$461.8 million.

Commenting on the results, ABC chairman Leonard H. Goldenson and Elton H. Rule, president, said: "Our television network's revenue and profit are still suffering from the effects of the disappointing prime-time ratings of the season that began in the fall of 1974. Given the current sluggish network marketplace, our network profit will be significantly penalized in the third quarter. During the second quarter, our own television stations reported a decline in revenue and profit resulting from the recent slowdown in national spot advertising, accentuated by the impact of earlier network ratings."

The executives added that ABC's radio operations had "substantially" improved results.

They said, however, that the company's domestic recorded-music company had a "significant" drop in profit, despite an increase in revenue, "as the division wrote off obsolete inventory and recognized the abnormally high returns from product shipped in the last quarter of 1974 and the first quarter of 1975." ABC's wholesale record distribution company had revenue and profit gains, according to the executives, but the United Kingdom record subsidiary, Anchor Records, "is still incurring its expected start-up costs."

In other areas, ABC said its publishing businesses had revenue and profit gains. A "modest" increase in revenue for the ABC theaters wasn't "sufficient to offset sharply increased operational expenses." The company said its Florida scenic attractions had improved results, "but attendance levels were very disappointing at the wildlife preserve in Largo, Md., and at Historic Smithville," in New Jersey.

ABC also said its income from interest declined. At the same time, interest expense increased, as the company borrowed \$30 million under a \$75 million revolving credit agreement entered into in February.